

ASSIGNMENT, BILL OF SALE AND CONVEYANCE
(Mission)

THE STATE OF ALABAMA

COUNTY OF SHELBY

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§ KNOW ALL MEN BY THESE PRESENTS:
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This Assignment, Bill of Sale and Conveyance (this "Assignment") is executed by MCKENZIE METHANE CORPORATION, a Texas corporation, Debtor under Chapter 11 of the United States Bankruptcy Code, Case No. 94-42758-H2-11 (the "Bankruptcy Proceeding"), in the United States Bankruptcy Court in the Southern District of Texas, Houston Division, whose address is 711 Louisiana, Suite 1300, Houston, Texas 77002, acting by and through ROBERT L. OGLE, Trustee in Bankruptcy of the Estate of MCKENZIE METHANE CORPORATION (herein called "Assignor", whether one or more), to Mission Energy Methane Company, a California corporation, whose address is 18101 Von Karman Avenue, Suite 1700, Irvine, California 92715-1007, (herein called "Assignee"), dated effective as of 7:00 a.m., local time, on August 29, 1995, said time to be determined for each locality in which the Lands (hereinafter defined) are located in accordance with the time generally observed in said locality (said hour and day hereinafter called the "Effective Date").

This conveyance is being made pursuant to Section 6.8(e) of the Liquidating Plan of Reorganization of KUKUI, INC. for McKenzie Methane Corporation (the "Plan").

For and in consideration of the sum of ONE HUNDRED DOLLARS (\$100.00), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor hereby TRANSFERS, BARGAINS, GRANTS, CONVEYS and ASSIGNS to Assignee the following (the "Subject Interests"):

1. All of Assignor's right, title, and interest, if any, in and to the undivided interests in those certain coal seam methane or oil and gas leases, licenses, permits, mineral, warranty deeds, royalty deeds, agreements and lands and other properties in the State of Alabama which were conveyed and assigned, or provided to be conveyed and assigned, to Assignee, from Assignor and from S. Lanham Frazier, III and Al Haertlein under and by virtue of and pursuant to those certain assignments and conveyances which are described in Exhibit A attached hereto and incorporated herein; and;

2. All of Assignor's right, title, and interest, if any, in and to the leasehold working interest in those certain coal seam methane or oil and gas leases, licenses, permits, mineral, warranty deeds, royalty deeds, agreements and those certain wells and the production therefrom described in Exhibit B attached hereto and incorporated herein which were provided to be relinquished to Assignee from McKenzie Methane Corporation pursuant to Article VI.B.2. of the Operating Agreement attached to and incorporated in the letter agreement (1993 ALACO Letter Agreement) dated September 19, 1993, between and among Assignee and KUKUI, INC., et al., as non-operators, and Quintana Petroleum Services, Inc.

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as operator, as a consequence of McKenzie Methane Corporation electing as a "Non-Consenting Party" not to participate in operations on said wells performed by Assignee and other parties to said Operating Agreement as "Consenting Parties."

3. All rights of the Debtor and/or the Trustee (acting as a representative of Debtor's estate appointed under Section 1123(b)(3)(B) of the Bankruptcy Code) to avoid, and obtain the full benefits of avoidance of, any claims, liens, interest, charges and other encumbrances of any kind or nature against the working interests or other assets previously owned or acquired hereunder by Assignee in the Subject Interests (*except for Recorded Working Interests* (as defined in the Plan), Allowed Unrecorded Working Interests (as defined in the Plan) electing treatment under Section 6.10(a), (b) or (c) of the Plan) and to preserve and defend title to such interests.

Unless provided otherwise, all recording references in the Exhibits are to the official real property records of the county and state specified in such Exhibits.

TO HAVE AND TO HOLD the Subject Interests unto Assignee, its successors and assigns forever; and Assignor does hereby bind and obligate itself and its successors and assigns to Warrant and Forever defend all and singular title to the Subject Interests unto Assignee, its successors and assigns; against every person or entity whomsoever claiming or to claim the same or any portion thereof by, through or under Assignor, but not otherwise, subject to any valid, subsisting royalties, overriding royalties and other burdens upon the Subject Interests lawfully shown of record in the county and state in which the Subject Interests are located, but with full subrogation and substitution to all covenants and warranties by others heretofore given or made with respect to the Subject Interests, or any part thereof.

Assignor covenants and agrees to execute and deliver to Assignee all such other additional instruments and documents, (including Form No. 3000.3a (November, 1990) for the United States Department of Interior, Bureau of Land Management, Transfer of Operating Rights (Sublease) In a Lease for Oil and Gas or Geothermal Resources) and do all such other acts and things as may be necessary to more fully assure to Assignee or its respective successors or assigns, all of its rights and interests in and to the respective properties, rights and interests constituting the Subject Interests herein granted.

This Assignment and all the provisions hereof shall inure to the benefit of and be binding upon the respective heirs, successors, legal representatives and assigns of Assignor and Assignee. All references herein to either Assignor or Assignee shall include their respective heirs, successors, legal representatives and assigns.

The conveyances made hereunder are being made pursuant to the terms of the certain Order in Aid of Implementation of Confirmed Liquidating Plan of Reorganization of KUKUI, INC. for McKenzie Methane Corporation (the "Implementing Order"), dated August __, 1995, a true and correct copy of which is being filed in the same records as this Assignment on even date or near even date herewith, to which reference is made for all purposes, entered in furtherance of the Order Confirming Liquidating Plan of Reorganization entered on July 7, 1995, in the Bankruptcy Proceeding.

This Assignment may be executed in several original counterparts, each of which shall be deemed to be an original instrument, but all such counterparts shall constitute but one and the same instrument.

Executed effective for all purposes as of the Effective Date, although signed and delivered on the dates of the respective acknowledgements set forth below.

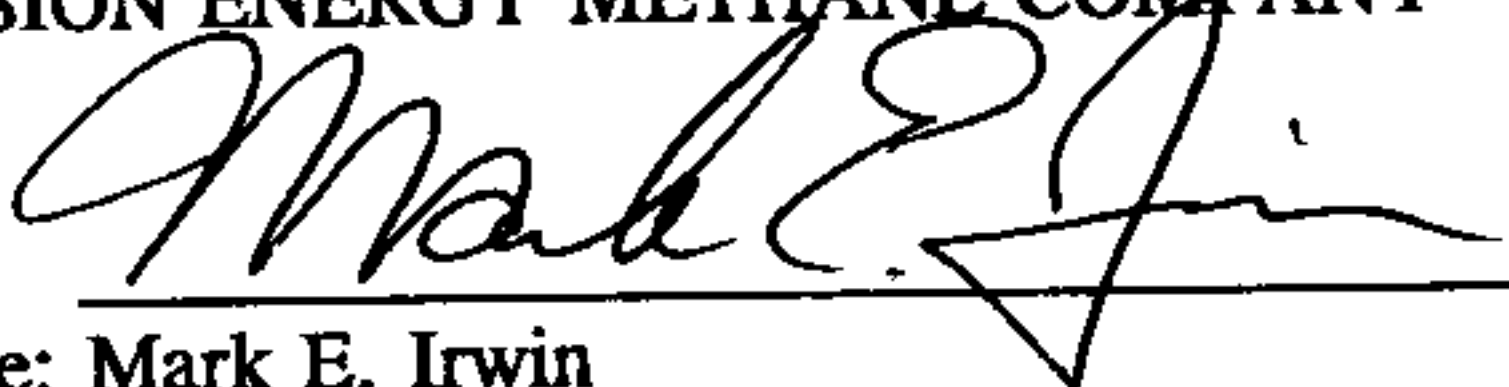
ASSIGNOR:

MCKENZIE METHANE CORPORATION

By: 
Robert E. Ogle, Trustee in Bankruptcy for
MCKENZIE METHANE
CORPORATION, a Texas Corporation,
Debtor under Chapter 11 of the United
States Bankruptcy Code, Case No. 94-
42758-H2-11, in the United States
Bankruptcy Court for the Southern District
of Texas, Houston Division

ASSIGNEE:

MISSION ENERGY METHANE COMPANY

By: 
Name: Mark E. Irwin
Title: Vice President

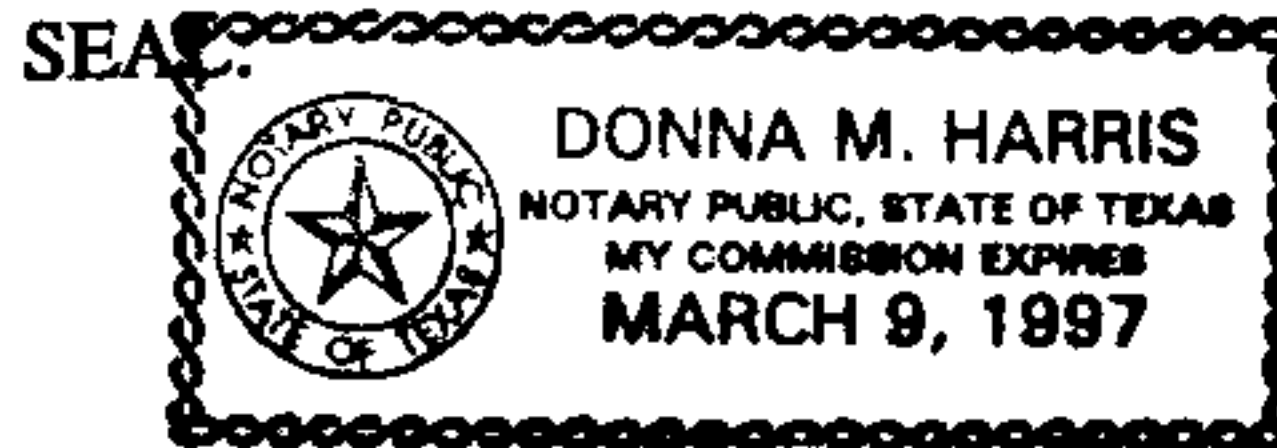
THE STATE OF TEXAS

COUNTY OF HARRIS

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The foregoing instrument was acknowledged before me this 25th day of August, 1995, by Robert L. Ogle, Trustee in bankruptcy for MCKENZIE METHANE CORPORATION, a Texas corporation, Debtor under Chapter 11 of the United States Bankruptcy Code, Case No. 94-42758-H2-11, in the United States Bankruptcy Court for the Southern District of Texas, Houston Division, on behalf of such corporation.

Donna M. Harris
Notary Public in and for the State of Texas

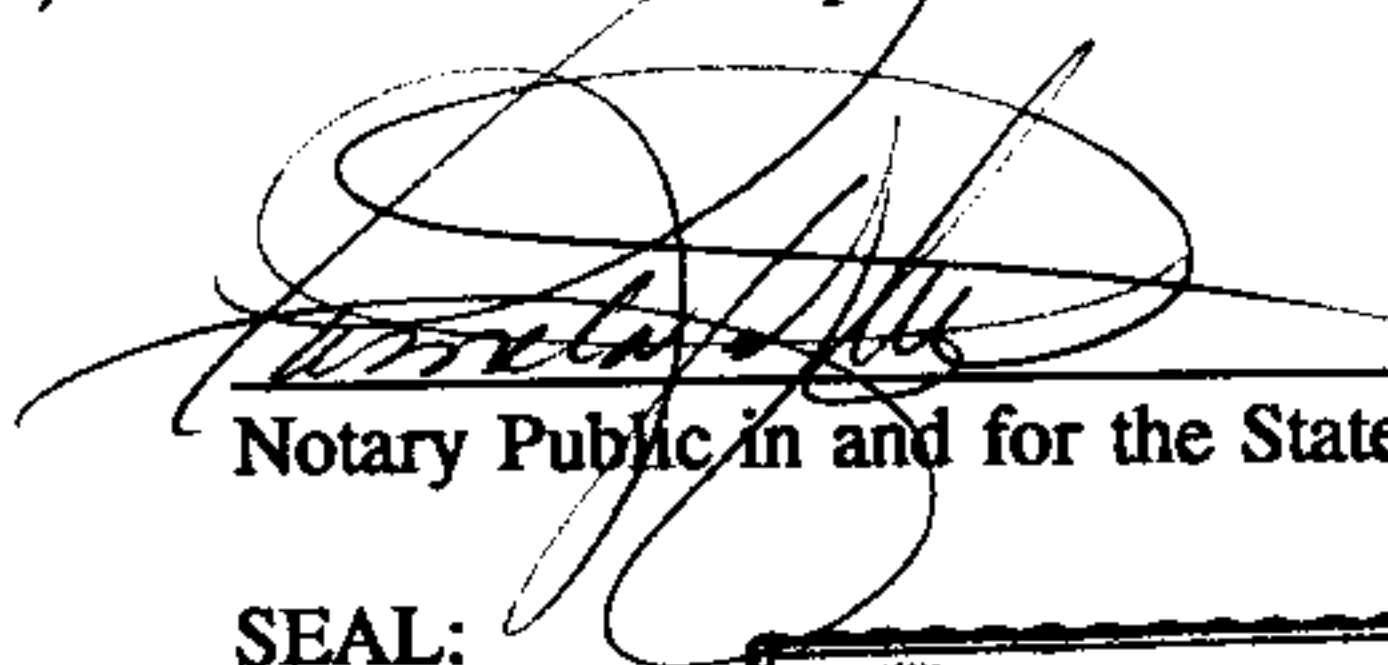


THE STATE OF TEXAS

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COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this 25th day of August, 1995, by Mark E. Irwin, Vice President of MISSION ENERGY METHANE COMPANY, a California corporation, on behalf of such corporation.



Notary Public in and for the State of Texas

SEAL:

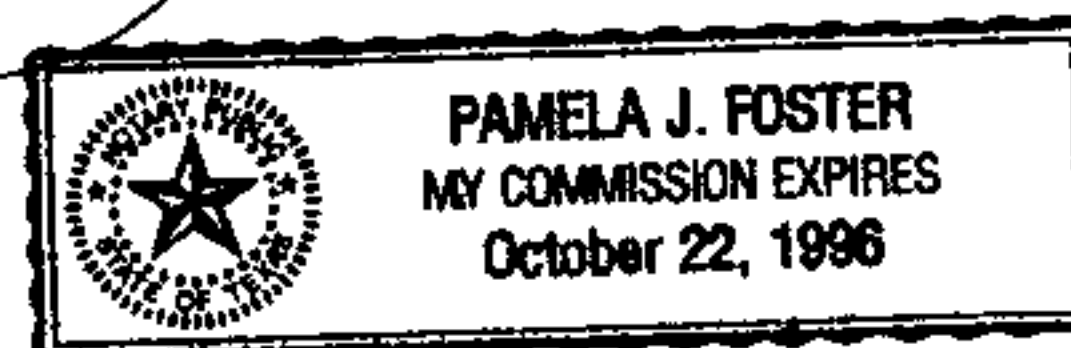


EXHIBIT A

Attached to and made a part of the certain
Assignment, Bill of Sale and Conveyance dated
effective August 29, 1995 between
McKenzie Methane Corporation,
Debtor Under Chapter 11 of the
United States Bankruptcy Code,
as Assignor, and Mission Energy Methane Company
as Assignee

Cahaba Field

Quitclaim Deed dated September 23, 1992 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded in Book A114, Page 75 of the records of Hale County, Alabama. (0102 657)

Partial Assignment dated May 10, 1991 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded in Book 133, Page 717 of the records of Bibb County, Alabama. (0102 660)

Partial Assignment dated May 10, 1991 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded in Book 389, Page 511 of the records of Shelby County, Alabama. (0102 661)

Partial Assignment dated May 10, 1991, between McKenzie Methane Corporation and Mission Energy Methane Company, recorded in Book 389, Page 518 of the records of Shelby County, Alabama. (0102 662)

Partial Assignment dated may 10, 1991 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded at instrument #1992-05543 of the records of Shelby County, Alabama. (0102 663)

Partial Assignment dated May 10, 1991 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded at instrument #1992-05542 of the records of Shelby County, Alabama. (0102 664)

Partial Assignment dated May 10, 1991 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded in Book 133, Page 1019 of the records of Bibb County, Alabama. (0102 665)

Partial Assignment dated May 10, 1991, between McKenzie Methane Corporation and Mission Energy Methane Company, recorded at instrument #1992-05544 in the records of Shelby County, Alabama. (0102 666)

Assignment dated September 23, 1992 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded in Book 135, Page 71 of the records of Bibb County, Alabama and at instrument #1992-23658 of Shelby County, Alabama. (0102 670)

Assignment dated September 23, 1992 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded in Book 135, Page 47 of the records of Bibb County, Alabama and at instrument #1992-23664 of the records of Shelby County, Alabama. (0102 671)

Assignment dated September 23, 1992 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded in Book, Page of Bibb County, Alabama. (0102 672)

Assignment dated September 23, 1992, between McKenzie Methane Corporation and Mission Energy Methane Company, recorded in Book 135, Page 65 of the records of Bibb County, Alabama and at instrument #1992-23657 of the records of Shelby County, Alabama. (0102 673)

Assignment dated September 23, 1992 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded at instrument #1992-23663 of the records of Shelby County, Alabama. (0102 674)

Assignment dated September 23, 1992 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded at instrument #1992-23659 of the records of Shelby County, Alabama. (0102 675)

Assignment dated September 23, 1992 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded in Book 135, Page 59 of the records of Bibb County, Alabama and at instrument #1992-23660 of the records of Shelby County, Alabama. (0102 676)

Assignment dated September 23, 1992 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded in Book 135, Page 40 of the records of Bibb County, Alabama and at instrument #1992-23662 of Shelby County, Alabama, and Amendment of Assignment dated June 15, 1993, recorded at instrument #1993-28064 in the records of Shelby County, Alabama. (0102 677)

Assignment dated September 23, 1992 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded in Book 135, Page 51 of the records of Bibb County, Alabama and at instrument #1992-23661 of the records of Shelby County, Alabama. (0102 678)

Assignment dated September 23, 1992 between S. Lanham Frazier, III et al and Mission Energy Methane Company, recorded at instrument #1992-23656 of the records of Shelby County, Alabama. (0102 682)

Assignment dated September 23, 1992, between S. Lanham Frazier, III et al and Mission Energy Methane Company, recorded in Book 135, Page 32 of the records of Bibb County, Alabama. (0102 683)

Assignment and Assumption Agreement dated June 1, 1993 between McKenzie Methane Corporation and Mission Energy Methane Company, which is not recorded. (0102 684)

Partial Assignment dated December 16, 1993 between McKenzie Methane Corporation and Mission Energy Methane Company, recorded at instrument #1994-02602 of the records of Shelby County, Alabama. (0102 685)

Assignment dated September 23, 1992 between S. Lanham Frazier, III et al and Mission Energy Methane Company, recorded at Instrument #1995-23279 of the records of Shelby County, Alabama. (0102 686)

Assignment dated September 23, 1992 between S. Lanham Frazier, III et al and Mission Energy Methane Company, recorded in Book 6, Page 458 of the Real Property Records of Bibb County, Alabama. (0102 687)

Exhibit B

Attached to and made a part of the certain
Assignment, Bill of Sale and Conveyance dated
effective August 29, 1995 between
McKenzie Methane Corporation,
Debtor Under Chapter 11 of the
United States Bankruptcy Code,
as Assignor, and Mission Energy Methane Company
as Assignee

Cahaba Field

Wells:

An undivided interest in the wells as shown below together with the coal seam methane or oil
and gas leases and lands shown below:

Gordon 14-14-100	4.1370%
USX 22-2-37	4.1370%
USX 28-6-70	4.9298%
USX 28-10-72A	4.9298%
USX 28-12-73	4.9298%
USX 28-2-68	4.9298%
USX 28-4-69	4.9298%
USX 23-4-36A	4.1370%

Leases:

Coal Seam Gas Agreement and Option dated September 30, 1988, between USX
CORPORATION, as Lessor, and **MCKENZIE METHANE CORPORATION**, as Lessee,
recorded by Memorandum of Lease dated November 30, 1988 in Book 222, Page 386,
Shelby County, Alabama; and Amendment to Memorandum of Lease dated February 19,
1989, in Book 280, Page 47, Shelby County, Alabama; and Amendment to Memorandum of
Lease dated February 19, 1989, in Book 128, Page 953, Bibb County, Alabama. (0102 001)

Oil, Gas and Mineral Lease (Including Coalbed Methane) between **RUTH L. GORDON**, as
Lessor, and **MCKENZIE METHANE CORPORATION**, as Lessee, recorded by a
Memorandum of Lease dated April 12, 1989, in Book 246, Page 67 in the Office of the
Judge of Probate of Shelby County, Alabama and recorded by Memorandum of Lease dated
June 1, 1989, in Book 128, Page 106 in the Office of Judge of Probate of Bibb County,
Alabama.
(0101 010)

Lands:

Township 21 South, Range 4 West:

Section 14: E/2 of SW/4

Section 22: NW/4 of NE/4

Section 23: W/2 of NW/4

Section 28: E/2 of NW/4; W/2 of SE/4; W/2 of SW/4; W/2 of NE/4; W/2 of NW/4

This instrument prepared by:

Mark F. Kirschke

Weil, Gotshal & Manges

700 Louisiana, Suite 1600

Houston, Texas 77002-2784

Inst # 1995-32607

11/13/1995-32607
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